MISCELLANEOUS.

HINTS FOR THE ORGANIZATION OF RURAL CO-OPERATIVE SOCIETIES.

Dated 13th July 1910.

The co-operative movement is mainly an economic movement, and not a movement of mere philanthropy or pure benevolence. It aims at providing really credit at reasonable rates of interest to the agriculturists and artizans who, in the absence of such credit, are at present much handicapped in successfully carrying on their occupations. It is well known that the raiyat has substantial security to offer in the land he possesses but, unless he combines with others of his own class, his individual credit cannot go far in securing him from the outside money-market all the money he requires for agricultural purposes. Besides money to purchase land, he also constantly needs it to buy cattle, cart, manure, seed grains, etc., for all these purposes, including the payment of kandayam, he goes now to the money lender who, with his limited resources, is often unable to help him in time, and often charges very high rates of interest. A co-operative society in the village itself, managed by honest raiyats for their own sake, will surely promote thrift and providence among the members and also bring about a spirit of mutual help, self-reliance and other kindred virtues.

For its ultimate success, the movement mainly depends upon the efforts of private gentlemen who will interest themselves in it, and to such, the following *hints* for the organization of rural Co-operative Societies are addressed:—

1. *Area.*—The area should be as compact as possible. There is no harm if a society should exist in each village. Unless the Majare villages are very near, they should be excluded. The effectiveness of co-operation consists in proximity and close touch.

2. *Secretary.*—There should be at least one literate man in the village who can intelligently keep accounts and look to correspondence in his capacity as Secretary. If such a man should not be forthcoming in any locality, it is better not to attempt the formation of societies there. In exceptional cases, one person may be made to write up the accounts of two or more societies. The Secretary should be chosen for his honesty and may, as far as possible, be paid for his work.

3. *Unlimited Liability.*—Societies in villages should be formed preferably on a basis of unlimited liability. In an "unlimited" society, all the members are jointly and severally held responsible for the liabilities or outside dues of the society. The significance of this kind of liability should be properly and unreservedly explained to the raiyats.

4. The advantages for a society in accepting unlimited liability are that it can freely attract capital from outside; that there will be rigid scrutiny in the admission of members as well as in the grant of loans to them and that a healthy spirit of self-help and other kindred virtues are developed in the members. As loans to members are given on good security, there will be no occasion for any loss, and money put into such a society is thus absolutely safe. Besides, there will be frequent inspections and annual audit. The bonds of membership in an "unlimited" society are more tight and intimate than in a limited one where, as the case may be, each member's liability runs up to the nominal value of the shares taken up by him, or to a specified sum. In an "unlimited" society the character and conduct of each member naturally comes under the scrutiny of the other members.

5. *Financing.*—There will generally be no difficulty to find funds for rural societies started as above. The Central Bank at Bangalore will be willing to advance loans to societies on the security of immovable property of the members generally at 7½ per cent per annum. The borrowing society may contract to repay the entire loan in one lump after a period of say one or two years, or by instalments. Long periods are undesirable both to the lending Central Bank and to the borrowing society.

6. The village society may also find its own capital by attracting, if it can, deposits from local members or non-members at lower rates of interest; or by having shares of small value (say Rs. 2 a share) and making each member purchase at each harvest as many shares as are conveniently within his reach.

7. *Lending.*—Loans should be given only to members on good security, the amount of each loan in the beginning being limited to small sums.

8. The purposes of each loan must be well ascertained beforehand by the *panchayat* and the period of repayment fixed according to the convenience of the borrowing member and with due regard to the financial condition of the lending society.

9. Loans should be given only for useful purposes; such as (1) purchase of bullocks, carts, manure, seed grain, (2) redeeming prior encumbrances upon land, (3) purchase of lands or houses, or their improvement. In special cases loans can be granted for non-useful purposes such as marriages, etc., if the panchayats are sure that the member is likely to borrow elsewhere at usurious rates of interest if the society refused him the loan. But such cases should be rare.

10. It is imperative that the loans should be applied strictly for the purposes for which they are borrowed. The panchayats should carefully watch this, and in case of default withdraw the loan.

11. *Rate of interest and profit.*—The society may, in the earlier stages, charge interest on loans given to members at 12 per cent per annum or any other rate which may be the ruling rate of the locality; the rate charged is likely to decrease gradually as the Reserve Fund accumulates as explained further on.

12. Suppose a society borrows at 7½ per cent and charges at 12 per cent as above, it is clear that at the end of each year there is a gain to the society of Rs. 4-8-0 on every hundred rupees borrowed. Set apart Rs. 1-8-0 out of this for working and other charges and there yet remains Rs. 3 as net gain on every hundred per year. If there should be a turn over of Rs. 2,000 in a society in a year, the net gain comes up to Rs. 60. In course of time, say within ten or fifteen years there will thus accumulate in the society a reserve of nearly Rs. 1,000 over which no member has any individual claim.

13. *Reserve Fund.*—In a rural co-operative society there should be no distribution of profits until a reserve is built up as above.

14. When the Reserve becomes a decent sum, it will then be time to reduce the rate of interest charged on loans to members.

15. The effect of the Reseve Fund is to secure stability to the society, and it should therefore be deposited under instructions from the Registrar, either in the Central Bank, or in any other bank where it shall remain safe and unoperated upon.

16. *Management.*—The management of the society must be committed to a body of panchayats *chosen* by the general-body of members.

17. The panchayat should be men of character and locally thoroughly well known. They should do business, through a Secretary, without fear or favor. On their method of business mainly rests the success or the failure of the society.

18. The panchayat should be doubly careful in *admitting members* as well as in obtaining proper *security* for every loan granted.

19. *General remarks.*—If after understanding the above general principles a number of raiyats in a village should signify their willingness to have a Co-operative Society by means of a report to the Registrar, steps will be taken to furnish the necessary bye-laws and rules, and to register the society, should the conditions be suitable.

M. SHAMA RAO,
Registrar of Co-operative Societies in Mysore.

GOVERNMENT CENTRAL BOOK DEPOT, BANGALORE.

Notice dated 9th July 1910.

The following books are available for sale at the Government Central Book Depot, Bangalore :—

Name.	*Price.* Rs. a. p.
Bhuvivarane, Part I	0 4 0
Dharmabodhe	0 2 0
Ganita Kalanidhi	0 4 6
Pakasastra	0 6 0

M. P. SUBBA RAO,
Ag. Curator.

Notice dated 14th July 1910.

It is hereby notified that the Summer Horticultural Show at the Lal-Bagh will be opened to the public at 3-30 P.M., on Saturday the 6th proximo, when the rates for admission will be as follow :—

	Rs. a. p.	
Adults	1 0 0	each
Children	0 8 0	„
Soldiers in uniform	0 4 0	„

On Sunday the 7th, the public will be allowed into the Gardens at a uniform rate of 4 annas each.

On the following day, Monday, only *purdah* ladies will be admitted into the Show Conservatory at an entrance fee of 4 annas each.

The public will not be admitted into the Gardens on the above days except on business connected with the Show.

G. H. KRUMBIEGEL,
Economic Botanist,
Superintendent, Government Gardens.